feedstock/raw material, cost of inputs etc. Government of India has followed a deliberate policy of promoting indigenous production of this critical input for achieving self sufficiency in foodgrain production. Imports of urea in required quantity based on careful assessment of gap between the demand and indigenous supply have been made by the Government over the years. It may be mentioned that consumer price of both indigenous and imported urea fertilizers are fixed uniformly and subsidy is also paid on imported fertilizers in order to bridge the difference between the cost of import and statutorily fixed consumer price of urea. The total expenditure on urea subsidy under the Retention Price Scheme given to indigenous urea manufacturing units for the past three years is given below :

(Rs. in crore)

Year	Actual Expenditure
1997-98	7321.96
1998-99	7597.22
1999-2000	8744.07

Production of Fertilizers

4255. SHRI PREM CHAND GUPTA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state :

(a) whether it is a fact that production of fertilizers during 1998-99 was nearly 13.6 mil. tons which falls short of consumption by over 12 per cent; *

(b) whether this shortfall has been met by imports which invariably involves heavy outgo of foreign exchange; and

(c) what steps are being taken by Government to increase domestic production to meet the growing needs of this sector ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS) : (a) Yes Sir. Total production of nitrogenous and phosphatic fertilizers in 1998-99 was 13.6 million tonnes. Against this, consumption of 15.46 million tonnes, which was higher by 12 per cent.

(b) and (c) The gap in demand and availability from indigenous production and stocks is met by imports. Urea is the only fertilizer which is under price,

movement and distribution control. Imports of urea which are made on Government account, have shown a declining trend. This is due to sizeable increase in indigenous production which has gone up from 15.62 million tonnes in 1996-97 to 19.29 milion tonnes in 1998-99. In 1999-2000, urea production has been 19.86 million tonnes. The imports of urea have come down from 2.32 million tonnes in 1996-97 to 0.5 million tonnes in 1998-99.

The phosphatic and potassic fertilizers are decontrolled and their imports have been decanalised. They are made on private trade account depending upon the market requirement. In 1998-99, 2.10 million tonnes of Di-ammonium Phosphate (DAP) and 2.57 million tonnes of Muriate of Potash (MOP) were imported.

For increasing domestic production of fertilizers, following incentives are offered in the country :—

(i) Normally no industrial licence is required for setting up a fertilizer plants.

(ii) Nominal basic customs duty on import of capital goods for setting up of new plants/modernisation of existing units.

(iii) Deemed export benefits to indigenous suppliers of capital goods to fertilizer projects provided such suppliers are made under the procedure of international competitive bidding.

(iv) Nominal duty on import of fertilizer raw materials and intermediates.

(v) Reasonable return on investment to the entrepreneurs under the Retention Price-cum-Subsidy Scheme, at present applicable to urea.

(i) For decontrolled fertilizers, Concessions Scheme under the administrative control of Department of Agriculture & Cooperation is being implemented.

The fertilizer industry has also adopted following steps to improve fertilizer production:—

(i) Implementation of rehabilitation/revival scheme with the approval of BIFR in respect of sick fertiliser PSUs.

(ii) Retrofitting/revamping of existing fertilizer plants;

(iii) Overcoming the constraints in the availability of natural gas and installing dual fuel/feedstock facilities in the existing plants; and

(iv) Setting up joint venture projects in countries having abundant and